



CITY OF FLINT, MICHIGAN
Department of Finance

Hughey Newsome
Chief Financial Officer

Dawn Steele
Deputy Finance Director

May 24, 2018

Kelly Green, Infrastructure Coordinator
Michigan Department of Environmental Quality
525 West Allegan Street
Lansing, MI 48933

Dear Ms. Green:

Subject: Program Management Costs for Development of the Intended Use Plan

The purpose of this letter is to discuss funds needed to pay AECOM, the current program manager for all Water Infrastructure Improvement for the Nation (WIIN) related projects. AECOM has invoiced the city up to a total of \$433,276 for development of the Project Plan and Intended Use Plan, which includes an allocation of overall program administration costs. The draft of the project plan was initially submitted to MDEQ for review in March 2018 and is currently in its final review stages before final submission to the US Environmental Protection Agency (EPA) for final approval.

Ideally, the funds needed to pay AECOM for the development of this plan would have come from the funds directly. However, the time needed to get approval from EPA, have public hearings locally at the City of Flint and get any local approval does not allow for immediate use of these funds and would force the city to “float” the money to pay AECOM. Originally, to address this timing challenge, the city had budgeted money from the initial \$40M allotment of WIIN funding (including the \$20M state match) to pay AECOM’s initial costs for project plan development. These funds have now been exhausted.

Because of this, the City of Flint has determined that the remaining funds available in the original \$40 million WIIN allotment will be used to pay for AECOM’s

program costs to develop the project plan and update the IUP. Because the original intent of the first \$40M allotment fell under infrastructure improvement, funds still remain from this allotment, the city is not projected to exhaust this funding and the availability of new funds will not be available for at least 2-3 months, the city sees no other path forward and must take this approach.

Furthermore, it must be stated that the city always scrutinizes costs. AECOM invoices are reviewed in advance of approval, payment and reimbursement. Given how quickly AECOM has used the original allotment for project plan development, the city has had numerous discussions with AECOM around cost control. Our expectation is that AECOM will improve their ability to limit costs going forward.

If you have any questions or concerns regarding this update, please let me know at your earliest convenience.

Sincerely,



Hughey Newsome
Chief Financial Officer, City of Flint, Michigan

cc:

Eric Pocan, Project Manager, Michigan Department of Environmental Quality
Rob Bincsik, Director, Department of Public Works, City of Flint
Angela Wheeler, City Attorney, City of Flint
Steve Branch, Acting City Administrator, City of Flint